

# The Ultimate Brand Barometer: Pricing Power

*Measuring brand value in fast changing,  
fast evolving high tech markets*

**Michael Allenson,**  
Strategic Consulting Director,  
Maritz Research Tech/Telco Group

# Commonly Asked Questions

UNDERSTAND. ENABLE. MOTIVATE.

- 1. Will I be able to get copies of the slides after the event?

**Yes**

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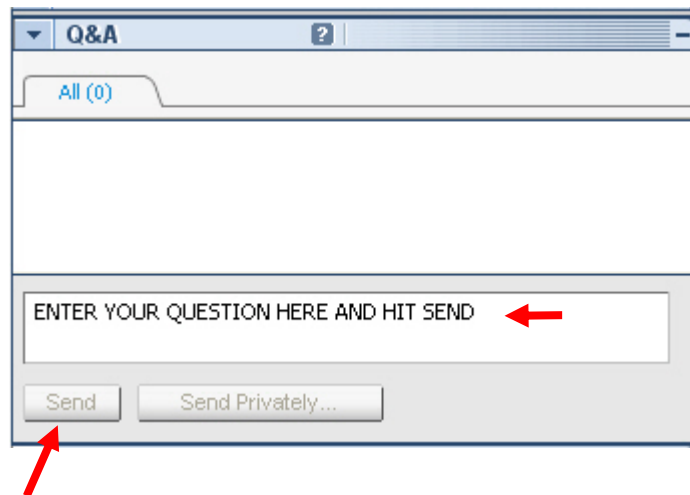
- 2. Is this web seminar being taped so I or others can view it after the fact?

**Yes**

# Tech Briefing Webcast

## Maritz Research

- How to submit questions to the Speaker during this Webcast



Floating Tool Bar



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# Objectives and Methodology

## Objectives

- At Maritz, we are committed to continuous improvement as researchers and partners to our clients.
- This study is a part of our commitment to fund some research on our own to hone our methods and learn new approaches.

## Methodology

- Study of recent notebook purchasers and intenders
- US based sample
- Internet survey
- Data collected in 4<sup>th</sup> Quarter 2007
- 550 survey participants
  - 50% Male and Female with sample nationally representative of age

# Popular Perception:

In competitive, high technology markets, products are highly commoditized and building a brand that demands a premium is difficult.



**\$249**

*Product Rating: 5.0*



BestBuy.com™

**Touch Screen MP3 Player**  
**•8 GB of Memory**



**\$299**

*Product Rating: 4.5*

***Clearly some brands have broken through...Does your brand have the ability to break through?***

# Today's Program will Show How to Use Research to Maximize Brand ROI

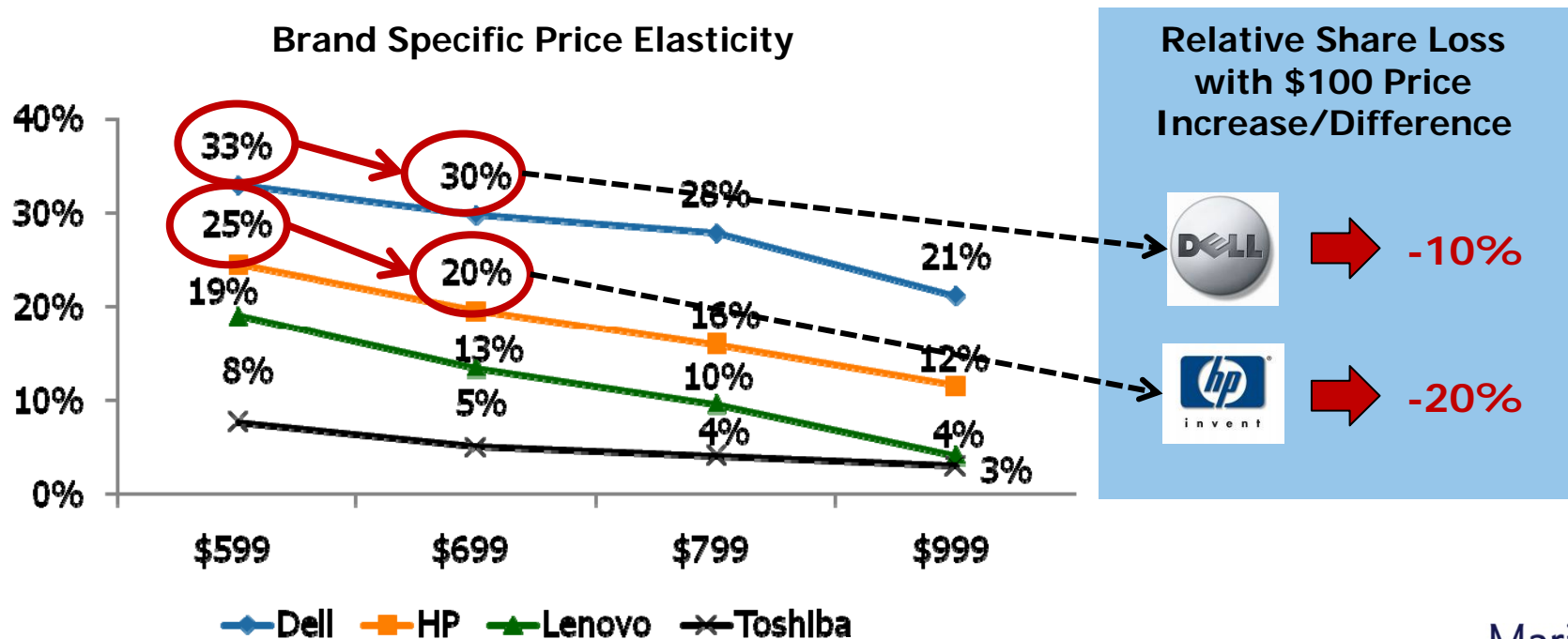
The approach used for this research combines Maritz' Product Optimization approach with our Comprehensive Brand Audit.

The results are powerful, allowing you to:

- Evaluate the brand equity of your brand
  - Are you maximizing profits or just market share?
  - Are you getting your fair share of sales?
- Determine product approaches that build brand equity
  - Which product attributes are needed just for “table stakes”?
  - Which product attributes drive brand equity and choice?
- Determine positioning approaches that build brand equity
  - Which brand elements differentiate you against competitors?
  - Which brand elements drive consideration and purchase?
  - How can marketing strategy be focused to maximize brand equity and ultimately, profits?

# One of the Best Ways to Quantify the Brand Equity You Have is By the Price Premium You Demand

- The graph shows that the Dell brand is the most inelastic of the four brands that we measured, followed by HP.
- Toshiba and Lenovo are highly elastic by comparison.
- This means that, in general, Dell has greater pricing power, and by extension, greater brand equity than its competitors.



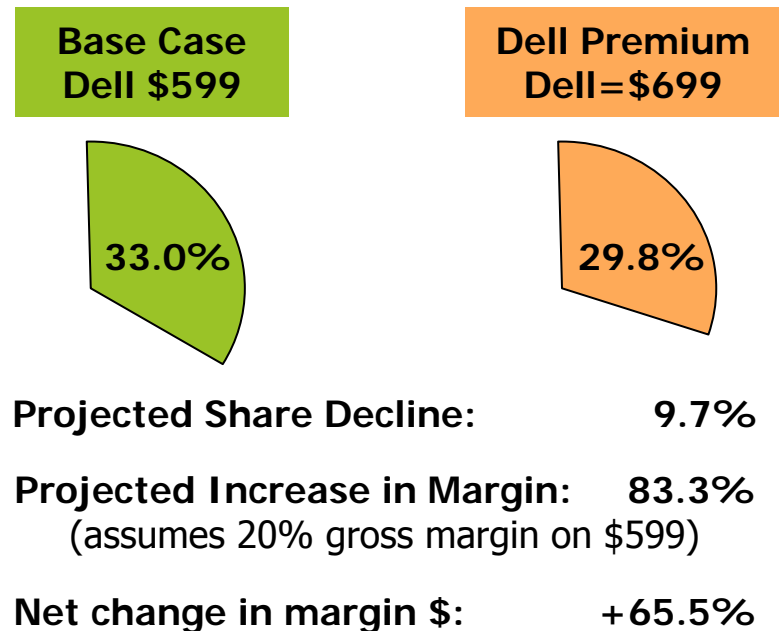
# Having the Highest Market Share is Often Not Consistent with Having the Highest Profits

- It appears that Dell has the opportunity to price its products at a level higher than competitors in order to drive increased profitability.
- Conversely, pricing at the same level as competitors over time may serve to reduce Dell's brand equity advantage.

**Base Case Configuration**

Product Feature	Base Level
Memory (RAM)	1MB
Processor	Core 2 Duo
Hard Drive	120GB
Battery Life	2 Hours
Weight	4 pounds
Price	\$599

**Dell's Projected Market Share**



# Greater Brand Equity and Preference Does not Automatically Translate to Higher Share in the Market

- Recently, in the past year, Dell has not gotten its fair share of notebook sales based on the value of its brand.
  - *"Dell's market share in U.S. home PCs is just over half of what it was a year ago. According to IDC's Quarterly PC Tracker, Dell's U.S. home PC share fell from 29.5 percent in the second calendar quarter of 2006 to just 16.5 percent in the second calendar quarter of 2007. The revenue drop, accompanied by an overall loss of market share, helps to explain why Dell has struck several deals with retail partners."*  
-PC Magazine 11/2/2007
- This research can help pinpoint the reasons why a brand has not fully leveraged its Brand Equity.

# The Maritz Model Provides a Valuable Framework for Analysis of a Brand's Position

- The Framework builds linkage between product optimization opportunities and the brands positioning and overall marketing strategy.



- Identifies the product features that support and expand a Brand's current equity.
- Highlights the product features that are table stakes vs. those that differentiate.

- Divides individuals based on their orientation to specific brands within the optimization model.
- Determines key branding elements that differentiate a brand from its competitors.

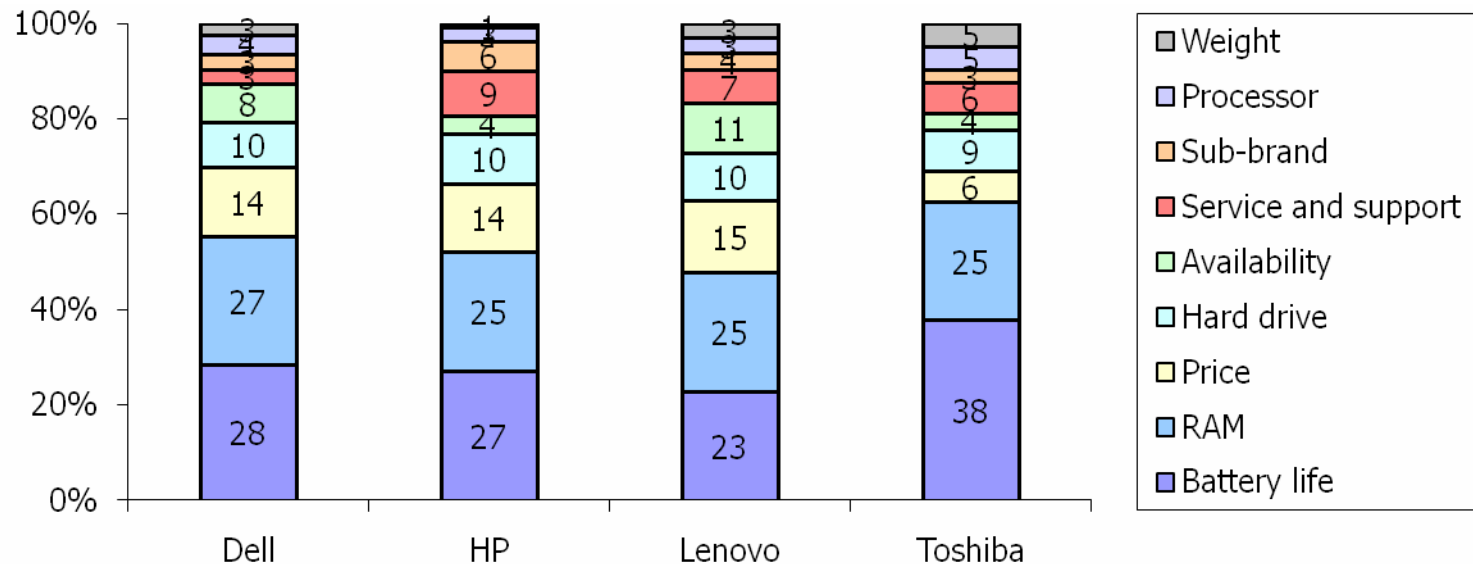
- Driver analysis reveals levers for success for each brand overall.
- Analysis of key opportunity segments provides valuable strategic input for growing **profitable** sales.

# Some Product Features have Greater Potential to Drive Higher Share and by Extension, Brand Equity



- Battery life is the most influential feature in the share model.
- RAM is nearly as important as battery life.
- There is a larger theme of productivity and mobility underpinning the importances.

Feature Importance  
By Brand

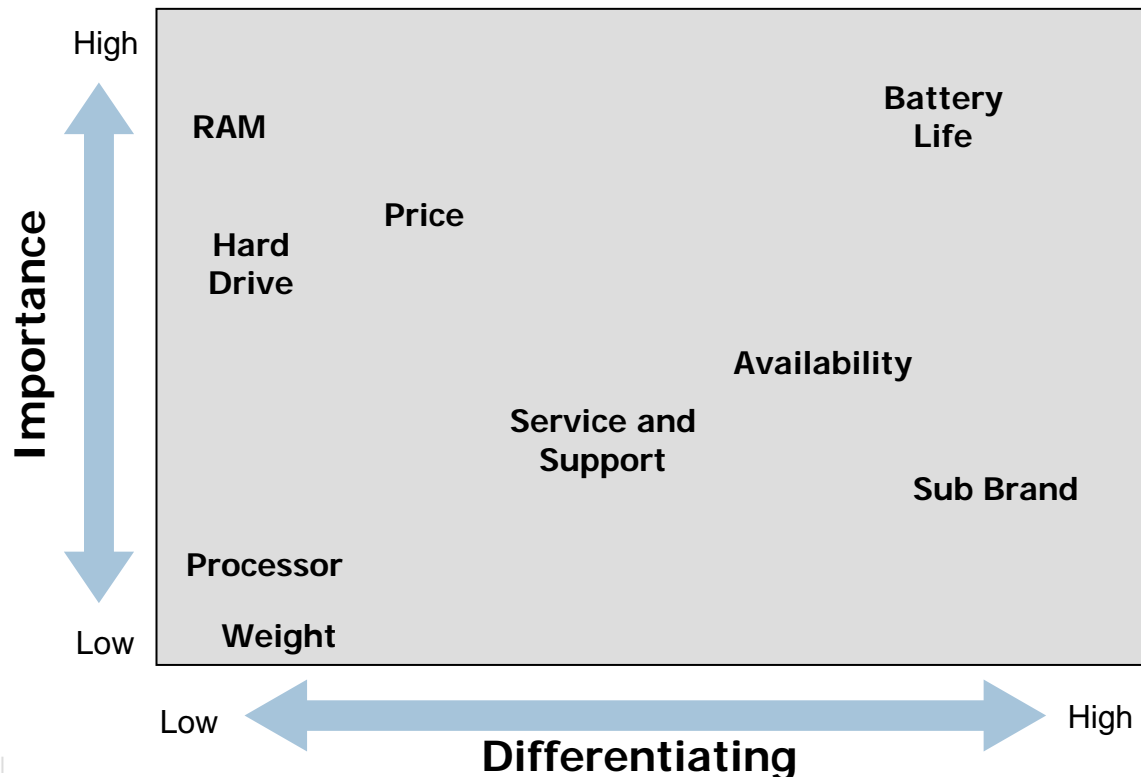


# Further Analysis of the Feature Results Provides a Framework for Product and Marketing Strategy



- It is clear that the table stakes are high...even among the features with lower utility in the product optimization, many are must haves...and not differentiating.

## Feature Importance vs. Potential to Differentiate



# The Product Optimization Analysis Assigns Brand Association Scores to Individuals for Each Brand



Individuals can be separated based on their orientation to your brand in a competitive context



Consumers oriented strongly to brand



Consumers without strong brand orientation



Consumers oriented strongly to other brands

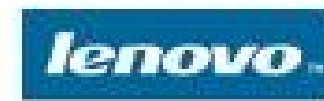
Analysis of brand attributes against brand orientation segments identifies drivers of differentiation

- Functional attributes
- Image attributes
- Personality
- Brand relationship
- Emotional reaction
- Values sought

# The Functional Brand Attributes Can be Important Drivers as Well as Target Segment Differentiators

- In this study, 13 brand attributes were included.

Brand Functional Attributes
Provides excellent customer service
Has excellent product quality
Is an industry leader
Meets or exceeds its customers' expectations
Reliable
Innovative
Low priced
Easy to use website
Willing to accommodate your needs
Is on the cutting edge of technology
Offers a wide range of products
Offers flexible financing options
Is environmentally responsible



# Brand Orientation is Affected not Only by Your Actions, but also by Your Competitor's Actions



- Brand orientation drivers are different for HP than for Dell.
- Toshiba has the potential to have greater impact than it does today.



## Brand Orientation Drivers



**Dell – Reliable**  
**Dell – Customer Service**  
**Dell – Is Cutting Edge**  
**Dell – Accommodates Needs**



**HP – Reliable**  
**HP – Meets Cust. Expectations**  
**HP – Is an Industry Leader**

**Lenovo – Meets Cust. Expectations**  
**HP – Wide Range of Products**  
**Toshiba – Is Cutting Edge**  
**HP – Meets Cust. Expectations**



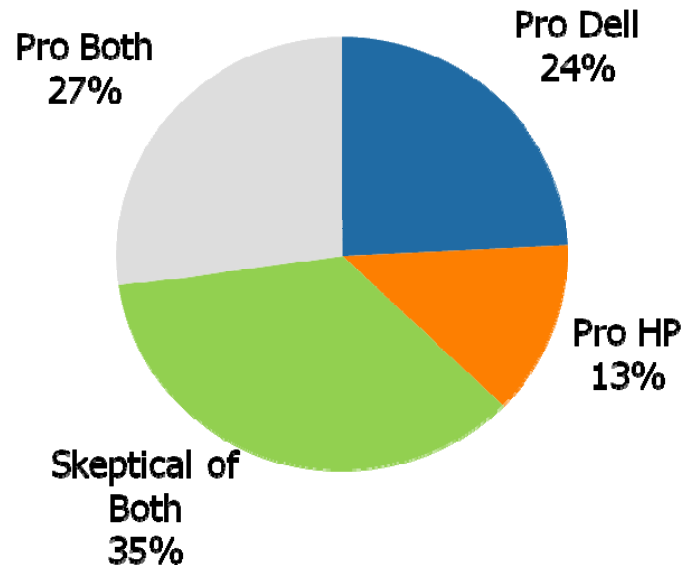
**Toshiba – Wide Range of Product**  
**Dell – Reliable**

# Consumer Segmentation Solutions can be Defined Based on Relative Brand Orientation



- Just 37% of respondents had a strong preference for Dell or HP and not the other.
  - In context, in the 4<sup>th</sup> Quarter of 2007, these two brands accounted for 57% of PC sales.
- There are many “undecided voters” who end up buying one of these two brands.

## Brand Orientation Segmentation



# There are Several Analytic Approaches that can Identify Winning Strategies



## Choice Driver Analysis – 1<sup>st</sup> Choice (purchase) and 1<sup>st</sup> Choice plus Seriously Consider (consideration)

- Thinking about laptop/notebook computers, how strongly are you considering or would you consider each of the following brands for your next purchase?

I Would Not Consider At All	I may or may not consider	Am Certain I Would At Least Consider	I would seriously consider it	It would be my first choice
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

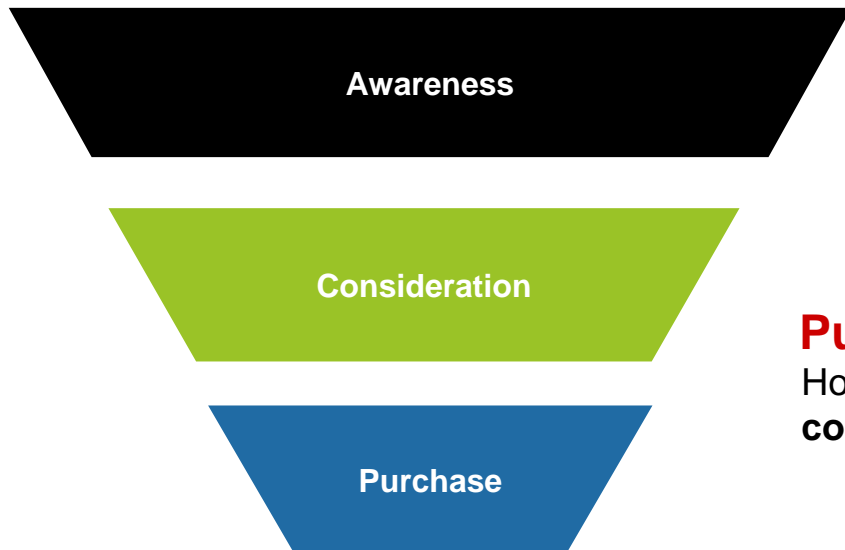
## Focus on understanding how to maintain the base of support and win over the undecideds

Pro Dell	Pro HP	Pro Both	Neither

# The Choice Driver Analysis Differentiates Purchase and Consideration Drivers



- Each brand can pinpoint its (and competitors') strengths and weaknesses in getting consumers into and through the sales funnel. These analyses will allow the brand to:
  - *Set competitive strategies*
  - *Monitor performance of current initiatives*
  - *Evaluate the potential impact of competitive initiatives*



## Consideration Drivers




How do we convince customers who are aware of a brand **to actually consider** that brand?

## Purchase Drivers

How do we convert customers from simply **considering to purchasing** a brand?

# The Success Drivers are Somewhat Different for Each of the Four Notebook Brands



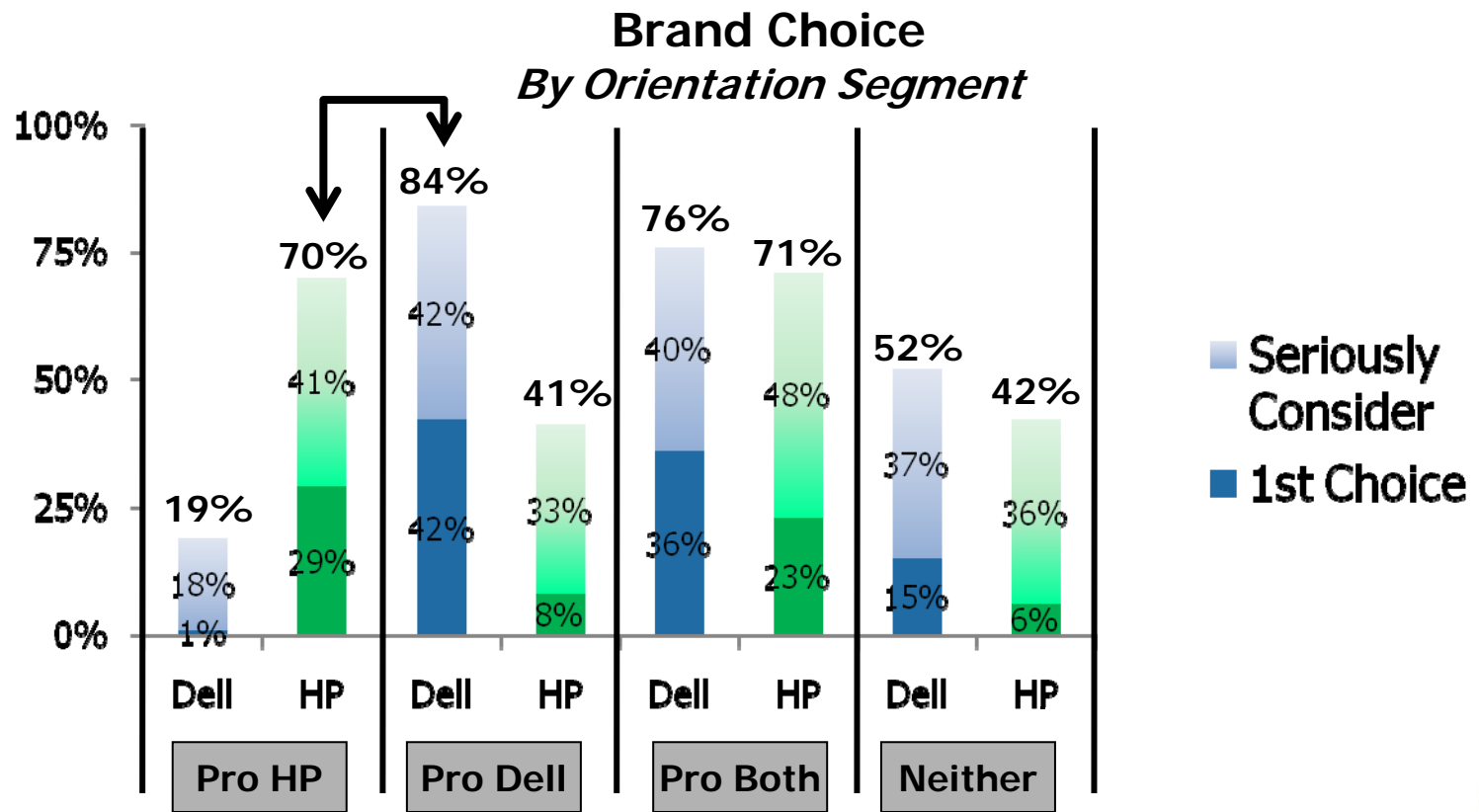
				
<b>Purchase Drivers</b>	Easy to use Web site	Innovative	Cutting edge	Meets customer expectations
	Accommodates needs	High quality	Innovative	High quality
	Meets customer expectations	Reliable		
	High quality			
<b>Consideration Drivers</b>	Innovative	High quality	Accommodates needs	Cutting edge**
	Meets customer expectations	Industry leader	High quality	Innovative**
	High quality	Meets customer Expectations	Cutting edge	Industry leader**
				Environmentally friendly**

\*\*Needed to relax significance requirements to .20 (exploratory) level for any variables to enter equation

# Dell has a Stronger Tie to Its Customers, but Also Appears to Turn Some Consumers Off



- Dell appears to have a slight advantage among “undecideds.”
- A fair number of pro Dell consumers would seriously consider HP.

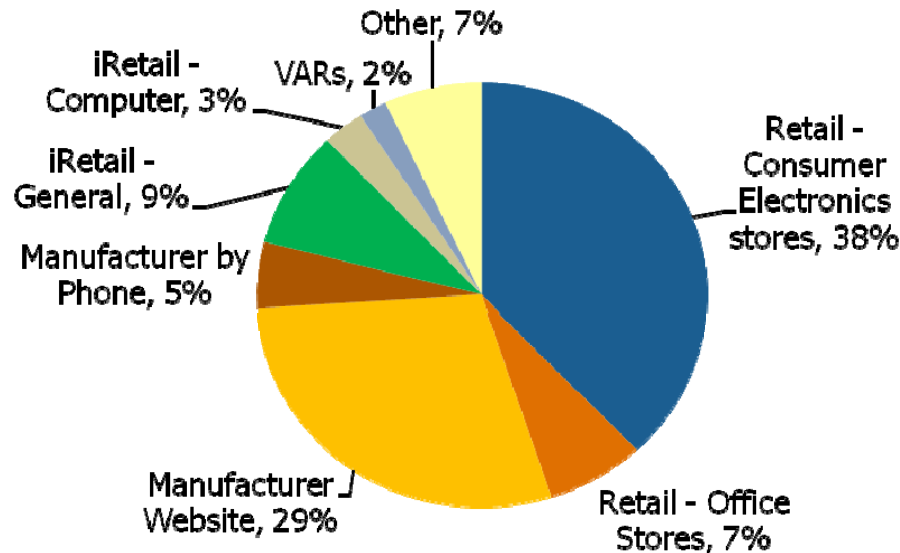


# Earlier Channel was Seen as a Potential Differentiator



- In general, channel usage for high tech products is quite diverse.
- For notebooks both retail bricks and mortar stores and manufacturer direct sales account for a significant proportion of notebook sales.

## Notebook Sales Channel

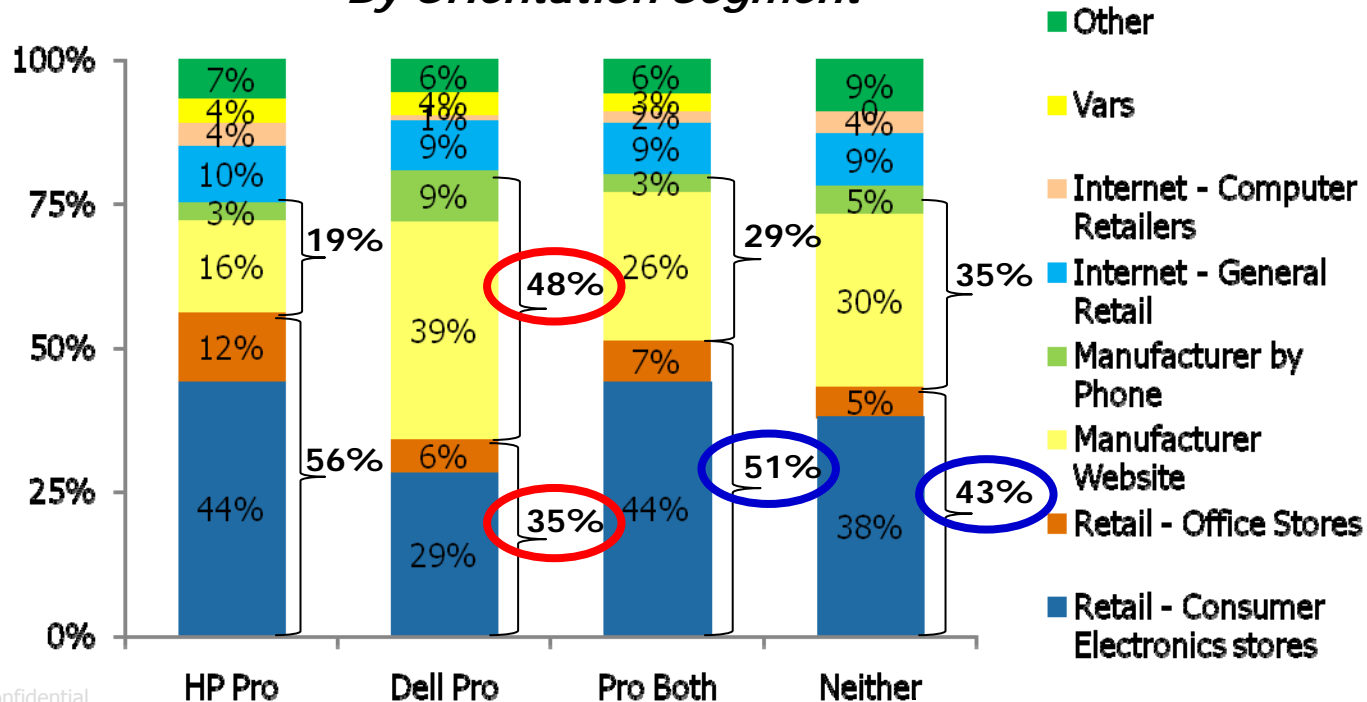


# There are Substantial Differences in Channel Usage by Brand Orientation



- Had Dell seen this information about 12-18 months ago, it would have added strong support to those advocating a more aggressive approach to retail distribution.

**Notebook Sales Channel  
By Orientation Segment**



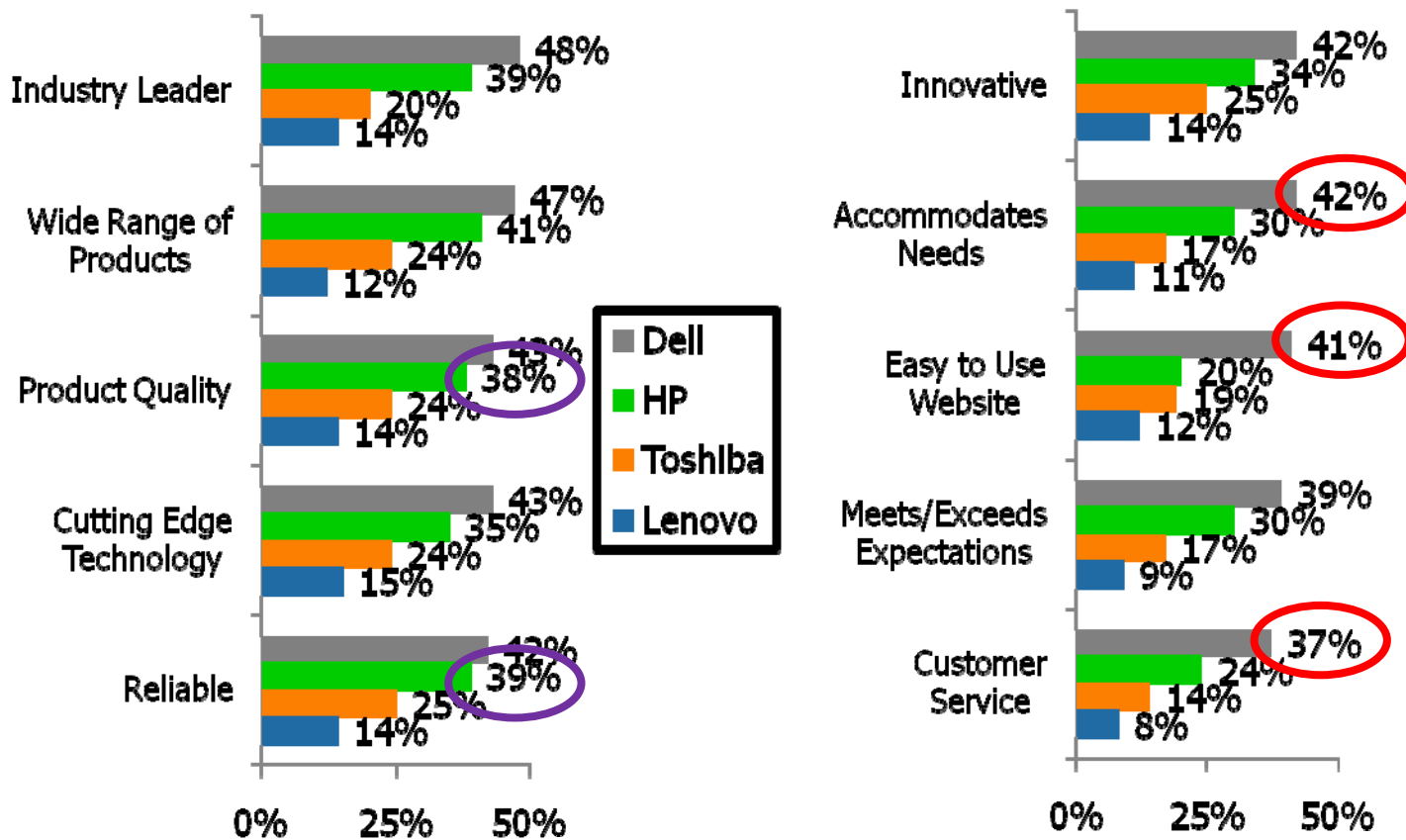
# As Discussed, the Maritz Comprehensive Brand Audit Includes a Number of Other Components

- The next few pages will show some specific differences among the brands on these “Brand Audit” components.
- Some will focus on all four brands, while others will focus specifically on Dell and HP.
- These components can be employed to look at specific target segments to gain alignment between brand and product strategy.

- **Functional attributes**
- **Image attributes**
- **Personality**
- **Brand relationship**
- **Emotional reaction**
- **Values sought**

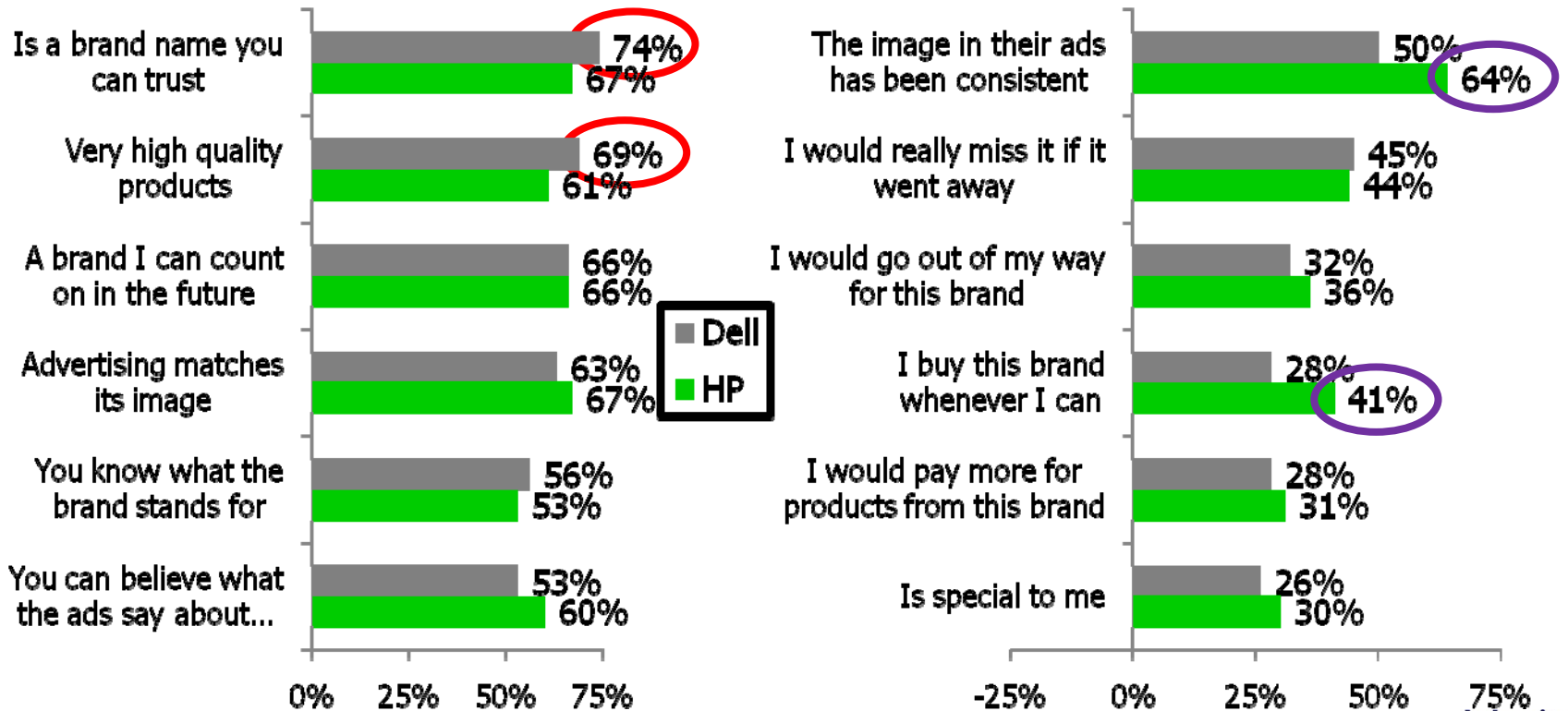
# Functional Attributes Can Highlight Differences Between Perception and Reality

- Dell generally has an advantage over HP on functional attributes, however, Reliability and Product Quality appear to be its best chances for pressing an advantage.



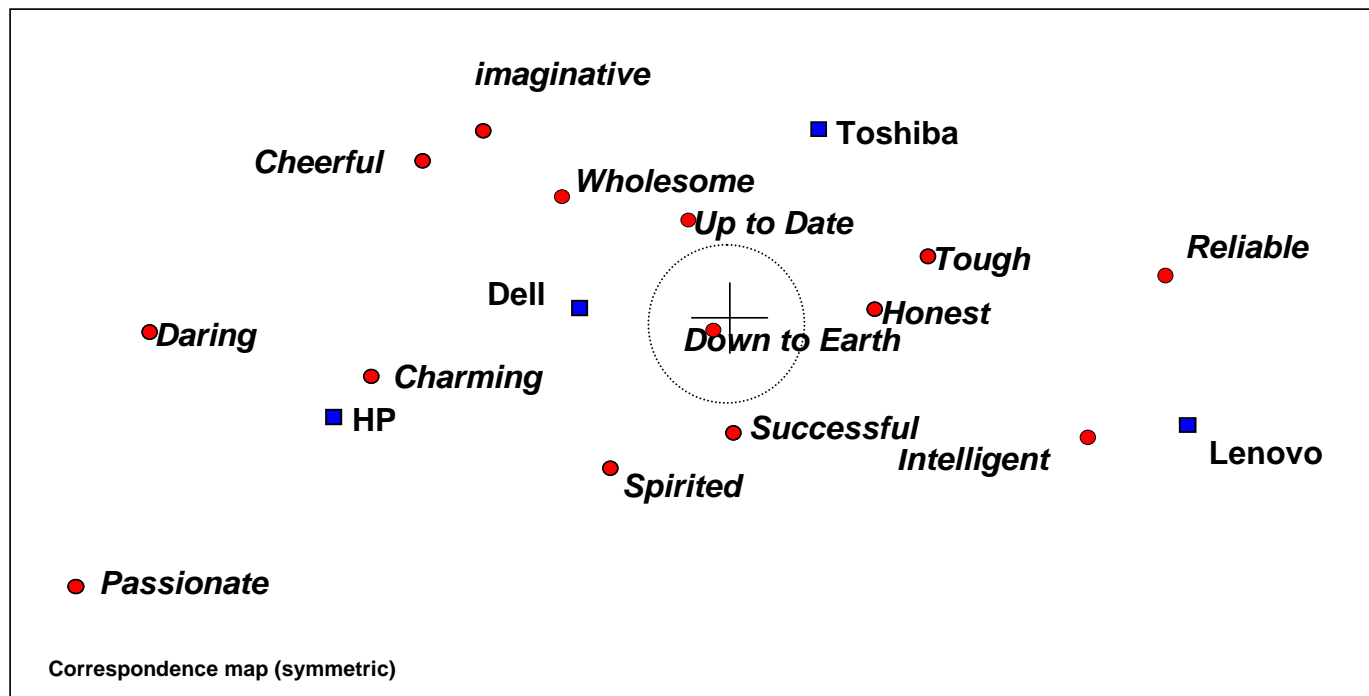
# Image Attributes Delve Into Respondents' Personal Feelings About the Brand

- Image attribute ratings are more balanced.
- Dell maintains an advantage as a trustworthy brand and having high quality products.
- HP likely benefits from its wide product portfolio outside notebooks.



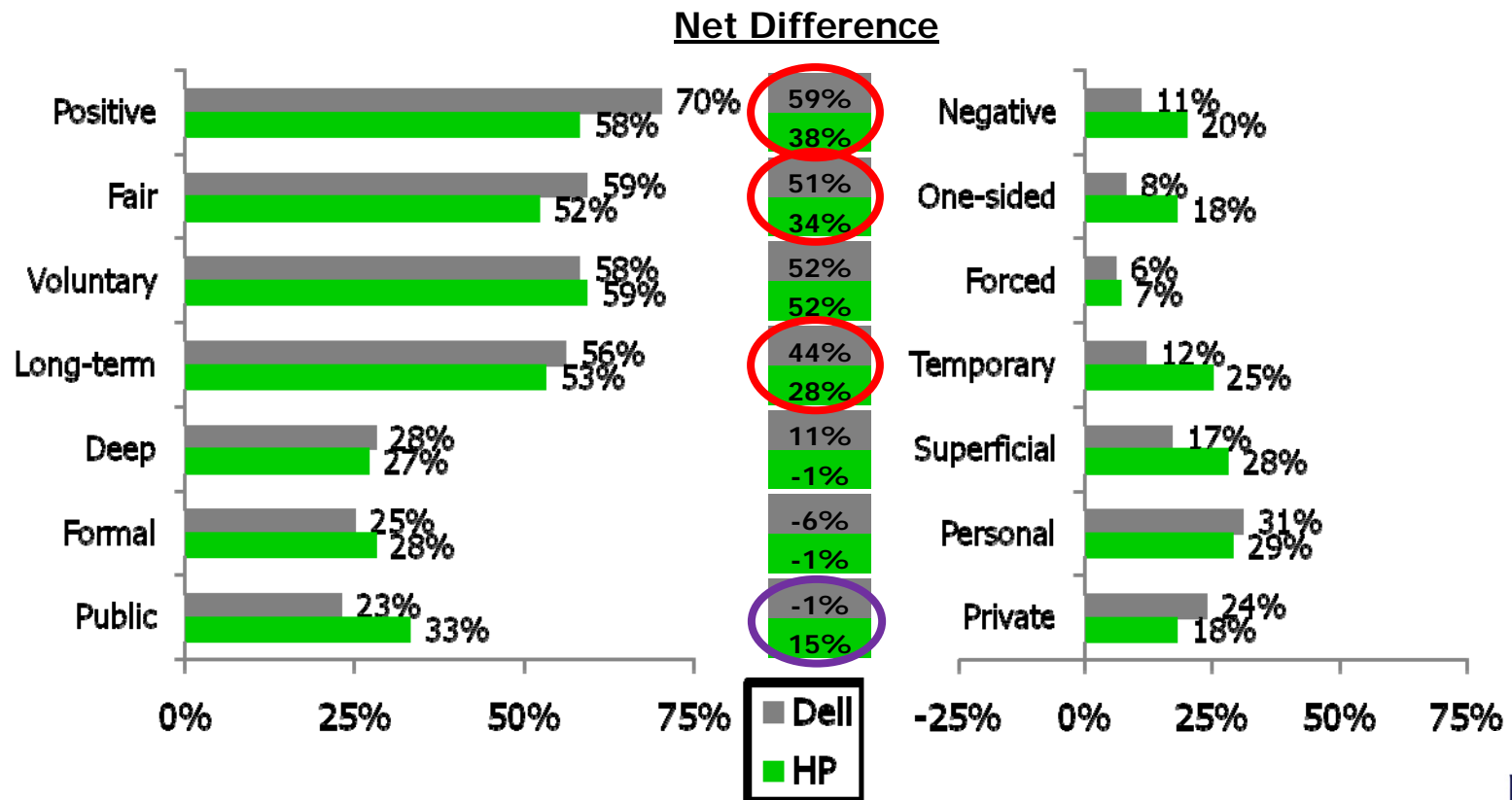
# The Perceptual Map Shows the Relative Association of Personality Traits with Specific Brands

- HP is a more warm and open brand than Dell.
- Dell is more wholesome and down-to-earth.
- Toshiba is more associated with being honest, tough and reliable.



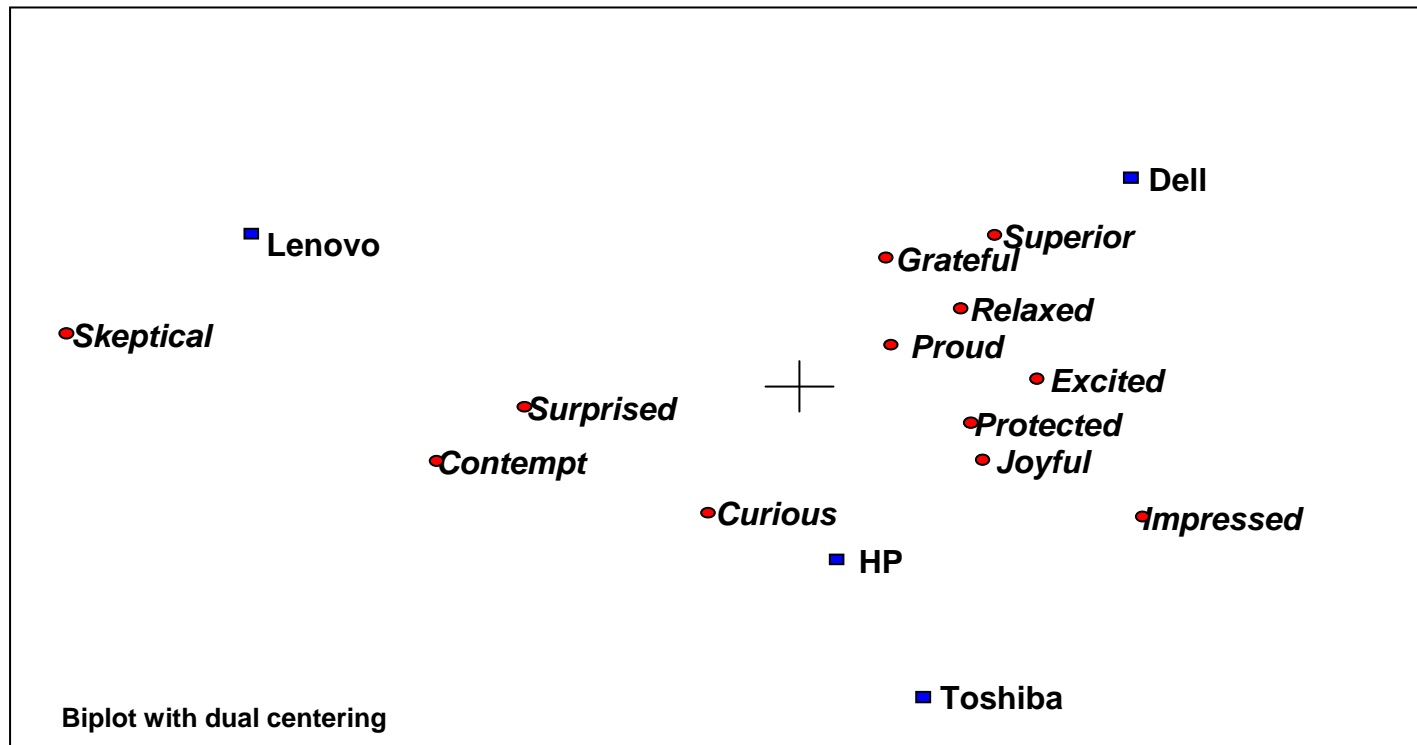
# The Brand Relationship Attributes Reveal How They Feel Treated by the Brand

- Dell is seen as having a more positive, longer lasting relationship with customers.
- HP has more of a reputation of being a public company.



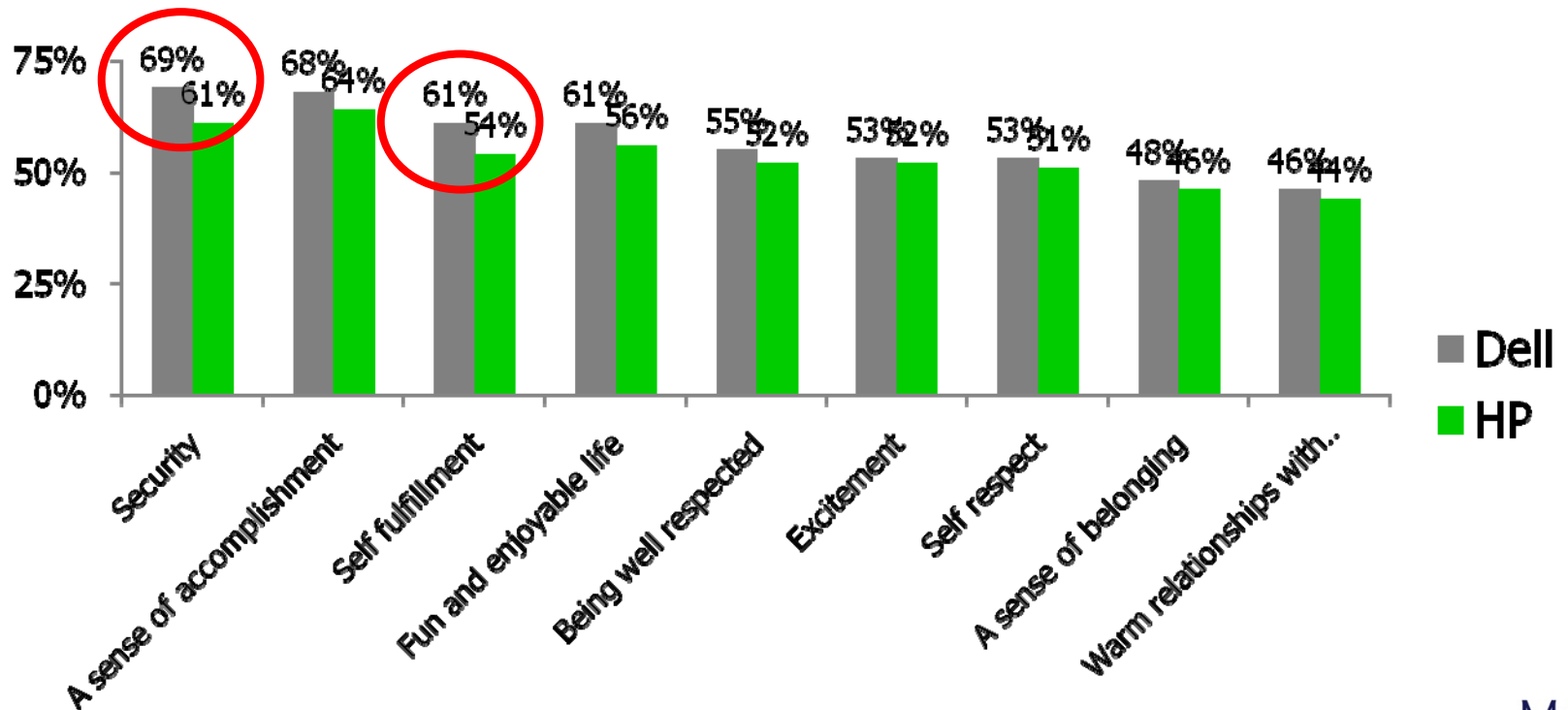
# Emotional Attributes are More About How the Brand Makes the Consumer Feel

- Consumers feel the Dell brand inspires feelings of being relaxed or superior.
- HP provides surprise, curiosity and makes consumers joyful.
- Toshiba inspires curiosity and is more often seen as impressive.



# Value Statements are About what the Brand does for the Consumer

- In general, HP and Dell have a similar profile in what values they deliver to consumers.
- Dell is slightly higher for providing security and self fulfillment.



# The Maritz Approach We Presented Today Gives Very Useful Answers to Strategically Critical Questions

- **Are you maximizing your profits?**
  - Measure of your relative price elasticity compared to competitors.
- **Am I getting my fair share of sales based on my brand equity?**
  - Highlight projected share of market and diagnostic tools to determine why your results may not meet with expectations.
- **How do I maximize my marketing and selling investments?**
  - Target the best opportunity segments linked to messages and branding that will help you win among these segments.
- **Among products, brand equity, and other factors (such as distribution), what is the greatest limiting factor on growth of your business?**
  - Determine the relative strength of your brand, products, performance and other factors in a common context.

# Questions & Answers

# Thanks for your time and participation today!

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